

# THE EDGE

SPRING/SUMMER 2018

## ECBU DEPARTMENT NEWSLETTER



### IN THIS ISSUE

- First Leadership and Innovation Summit
- New Book by ECBU Professors
- Visiting the Richmond Federal Reserve Bank



# BREAKING NEWS: COL. MORESCHI NAMED DEAN

It is with great pleasure that we learned today (24 May) that our Department Head, Robert W. Moreschi, has been named Dean of Faculty and Deputy Superintendent of VMI. The search for a new dean has been ongoing since March, with four presentations by candidates before assembled faculty and staff in April. The ECBU department is glowing with a pride that is tempered in anticipation of the loss of our popular and well-loved department head. He is, however, an excellent choice for the position. Bob has a strong background in teaching, scholarship, and academic leadership and is highly respected and admired by the VMI family as a whole, so said Gen. J.H. Binford Peay III '62, VMI's superintendent. All of us in the ECBU department would agree. We have enjoyed his easy going yet firm leadership and will miss hearing his laugh just down the hall when classes resume in the fall.



## WHERE ARE THEY NOW?



City. In fall of 2017, Chris was able to open a Tampa, FL, office for the firm.

Chris Brandriff, class of 2008, is an investment consultant in the private banking department at J.P. Morgan and is a busy guy, building his book of investment opportunities for private investors who have accounts at J.P. Morgan and must stay on top of the markets, here and overseas. Because he had been an intern at Citibank for several summers as an undergraduate, he was able to get this first job with that investment bank in New York



After graduation, Chris Harper, class of 2014, accepted a job in Australia at the Commonwealth Bank of Australia in Sydney. His job changed several times in the 10 months that he worked at this large, multi-branch bank of 50,000 employees. Chris returned home in 2015 and joined The London Company of Virginia, a registered investment advisory firm located in Richmond, Virginia, and is in the process of getting his CPA.

## THE EDGE

ECBU DEPARTMENT NEWSLETTER

PUBLISHER

Andrew Wolfe

EDITORS

Bruce Macdonald  
Ray MacDermott

DESIGNER

Karen Bowen

EDITORIAL ADVISORY BOARD

Robert Glidden

*Former Ohio University President*

George Kester

*Professor of Finance, W&L University*

Mike Meads

*Vice President, Wells Fargo Advisors*

Jay Melvin

*Chairman, CornerStone Bank, Lexington*

The Edge is published twice a year in print and via email. *Let us know if you would prefer a print or email newsletter or both.*

Phone: (540) 464-7237

Fax: (540) 464-7005

The Edge is the newsletter of the **Economics and Business Department** (ECBU) of The Virginia Military Institute (VMI) located in Lexington, Virginia. As a registered institute of higher learning and an accredited member of the AACSB, our mission is to educate the young men and women enrolled in this institution. Our courses specialize in all aspects of economics and business with an ongoing effort to provide enlightenment and focus of the world in which our students will emerge after graduation. We welcome readership involvement and are interested in your opinion. We are strongest with your involvement. We encourage students, faculty, alumni, and interested friends of VMI to submit articles and article ideas. Send them to [macdonaldbn10@vmi.edu](mailto:macdonaldbn10@vmi.edu).

© 2018 VMI ECBU

# FIRST LEADERSHIP AND INNOVATION SUMMIT

On March 18, a large gathering of alumni came on post to spend two days with cadets teaching and inspiring them about Entrepreneurship. There were 58 alumni participants, representing companies as diverse as Lyn Seldon '83 who has his own travel writing and publishing business to Michael Dongieux '05 who founded Fulcrum Collaborations that serves a growing list of Fortune 500 companies in over 60 countries across six continents.

The event drew together hundreds of cadets and dozens of alumni who've been successful in a wide variety of fields. This global conference is the brainchild of Dr. Dekuwmini Mornah, assistant professor of economics and business. Said Mornah, "Cadets learned from alumni how the VMI experience and a VMI education can be an advantage for them in the business world. The idea was to bring back this gold mine of experience in terms of alumni, with the goal to making sure that all cadets and faculty are aware of the great potential for mentorship and collaboration that the summit engendered. The event began with a reception and dinner in Moody Hall,

where alumni and cadet attendees had the opportunity to network and discuss the next day's program."

On Monday, it began over breakfast in the Hall of Valor at the CLE, then welcoming remarks from Professor Mornah, BG Jeff Smith—Dean of the Faculty, Col. Bob Moreschi, and John Kemper '68 in Gillis theatre. John Kemper led discussions in the same venue on innovation and execution in startups and corporations. And it went on in this way through the day, including how to build the right business culture (led by Jerry Acuff '71), networking lunches, and in the afternoon, alumni pitches, a sort of open discussion of how new ideas are being pursued by VMI alumni worldwide. Break-out sessions were provided in satellite rooms, where discussions of insights on generating sales in an entrepreneurial company were discussed by Douglas Burdett, the founder and principal of Artillery, a marketing agency located in Norfolk, VA.

There was a full course dinner beginning at 17:45 and the busy day concluded at 19:45 with the Roberts Speaker, Jeff Minch '73 (reported in this issue on the next page.).



The conference even extended into Tuesday, March 20, where reflections and brainstorming sessions took place in the Wheat Room of Scott Shipp Hall.



## JEFFREY L. MINCH '73, ROBERTS SPEAKER

March 19 was the occasion of this year's annual John W. Roberts and Jane M. Roberts lecture. The theme this year was "Free Enterprise" and the speaker was Jeffrey L. Minch '73. As an entrepreneur (big time) his talk was the ideal conclusion to the Business Leadership and Innovation Summit (see separate article in this issue). Jeffrey has founded seven companies, raised more than a billion dollars and assisted many CEOs to build, scale, and monetize startups.

After an introduction from Col. Bob Moreschi (Department head of ECBU), Minch discussed his work with venture capital start ups and his definition of free enterprise as existing more in the open market than in government.

Jeffrey's opening challenge was to ask his audience to focus on critical thinking and then to define it as a mode of thinking preparatory to making a decision, and that one can recognize critical thinkers as those who are "Self-directed, self-disciplined, self-monitored, and self-corrective." Furthermore these people embrace rigorous standards of excellence and are effective communicators—a quality that he feels is "baked into everything at VMI." This is what he describes as the VMI Special Sauce.

He defined the Entrepreneur as a person who will take a risk, and described how such notable figures as George Washington, George Marshall, and George Patton all were entrepreneurs. Other case histories filled out the talk, with some colorful and challenging interpretations, such as "Entrepreneurs are the Airborne Rangers of American free enterprise."

Minch defined the essence of Entrepreneurship as one who:

- Solves a problem never solved before
- Creates a new product or service which society cannot live without

- Removes a critical pain point from society
- Does something better than ever done before
- Takes an old economy company and jerks it in the new economy, or carves a silo out of an existing business and creates a focused, higher quality experience.

Americans seem to be attuned to entrepreneurship in that (Mr. Minch reports) 500,000 new small business are started each month, but that approximately 50 percent of them fail in the first four years. Why? The number one reason is that people have no idea worth pursuing, or the wrong skill set, or can't raise the seed money needed, or can't figure out the taxes and regulations—all of which contribute to the high rate of failure. Failure can be mitigated through education, experience, funding, team, and being comfortable with risk.

Minch graduated from VMI with a degree in civil engineering and was a Distinguished Academic and Distinguished Military Graduate. He wore academic stars for four years and was the regimental adjutant. Soon after graduation, he served four years in the Army Corps of Engineers with assignments in the US and overseas as a combat engineer platoon leader, executive officer, and company commander. While in the Army, Minch earned a master of business administration degree (MBA) in finance. His first job after military service was as a project manager building complex plastic converting projects around the world. He moved on to become head of development for an Austin, Texas, real estate developer. Restless and ambitious, three years later, he founded two real estate firms, Norwood Properties and Littlefield Real Estate (with a partner), which amassed substantial office, apartment, warehouse, retail, and land holdings all over Texas.



His final move came when he founded the rather unique firm called "The Wisdom of the Campfire," an invitation only C-suite advisory and coaching business from which some of his clients have been able to build large companies across the US, Canada, England, Ireland, India, Japan, and China. The Wisdom of the Campfire offers a strict, disciplined approach to founding a company with emphasis on vision, mission, strategy, tactics, objectives, values, and culture while employing proprietary tools developed by Minch from his 33-year career. He is also a published author and writes a blog called "The Musings of the Big Red Car," named after a favorite possession (a '66 Chevrolet Impala) and it discusses matters pertaining to startups, leadership, politics, the military, and life.



# SERGEANT MAJOR AL HOCKADAY EXPLAINS RETAIL MARKETING TO CADETS

On a warm Wednesday in February, Al Hockaday (by invitation) spoke to the cadets in Bruce Macdonald’s Advertising class. The subject was retail (in-store) marketing. Before he became a retailer, Al had a military career, first as Gunnery Sergeant for VMI’s ROTC unit, then as a first sergeant away on many tours. He served two tours in Vietnam, (1965–1966 and 1969–1970), both were ended after being wounded. He also served tours in Japan, California, and DC with the Marine Corps and retired in 1990. Retirement didn’t last long—former Superintendent Gen. John Knapp asked him to return to Post as Sergeant Major, responsible for special ceremonies, drills, and parades—as well as being a general influence on cadet life. That was when he and his wife Ernestine (she starts her name with a lowercase e) developed what became the two most popular stores in Lexington. After 27 years in the retail world, he had much to tell—and the cadets were ready for it.

On the morning of his presentation to the Ad class, Al was dynamic, humorous, and instructive—at times bellowing out like the drill sergeant that he once was. He was also

informally humorous, informative, and insightful—as the shopkeeper he once was. It was a unique and valuable lecture, and we learned much.

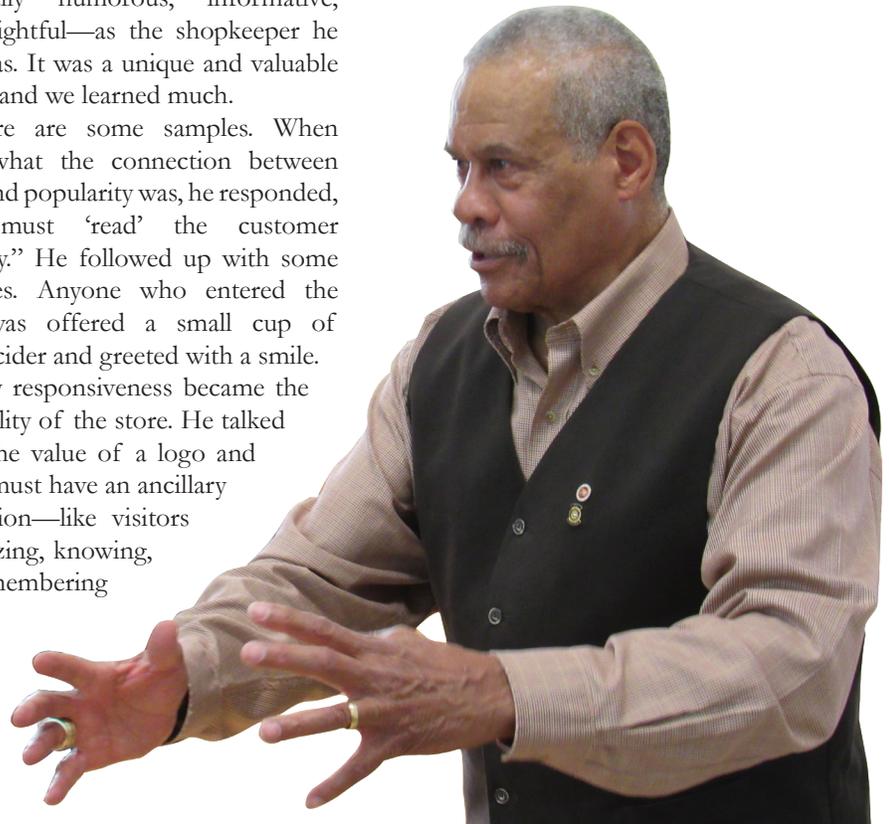
Here are some samples. When asked what the connection between profit and popularity was, he responded, “You must ‘read’ the customer correctly.” He followed up with some examples. Anyone who entered the store was offered a small cup of mulled cider and greeted with a smile. Friendly responsiveness became the personality of the store. He talked about the value of a logo and how it must have an ancillary association—like visitors recognizing, knowing, and remembering

where and how they were treated at Shenandoah Attic or Victorian Parlor.

He talked about understanding his customers, knowing their mood—

short on time or ready to browse, or to be influenced. He stressed the importance of location. He explained about markups, about warehousing of products, about what items sell best, and worst, about store hours (9:45 to 5:30 over the traditional 10 to 5). He talked about building a business on the strength of the owner or the clerk’s conviviality. He stressed the value of referrals from other retailers—about how word spreads, store to store.

Al taught all of us, that day, that sincerity and commitment is a powerful marketing tool, and can lead to profit.



## PROFILE OF NEW PROFESSOR

Lou Preysz's undergraduate years were spent at the University of Wisconsin in Madison, where he majored in Communication, which set the path for a career in speech, radio, TV, and film. Following graduation, Lou was interviewed by the *Chicago Tribune* where he was offered a position in sales and advertising. At the time the Vietnam War was escalating, Lou, facing the draft, chose the OCS option and relocated to Fort Belvoir, Virginia, where he completed the Combat Engineer program and was commissioned in the United States Army. Lou was then ordered to Kaiserslautern, Germany, in 1970. He served 31 years in the active Army, Reserves, and National Guard.

After four years of active duty, he attended graduate school at the

University of Utah. There, he earned his MBA and began a banking career at several community-sized banks, as well as two regional banks, today known as SunTrust and Regents Bank. Lou remained in banking 15 years, where he was promoted to Vice President and Marketing Manager. While in banking, Lou graduated from the Stonier Graduate School of Banking, the oldest banking school in America. During this time, he taught as an adjunct at various universities and colleges: University of Central Florida, St. Ambrose in Iowa, Disney University, and Florida Institute of Technology. Following 15 years in banking, Lou opted to privately consult, acquiring major projects with the Governor's Energy Office, the Bank Marketing Association, and the Credit Union National Association.



Lou moved to full-time teaching at Flagler College in St. Augustine, Florida, where he taught for 26 years. He believes that when you combine academics and scholarship with experience, the student benefits the most. In 2008, he and his wife, Patricia, relocated to Lexington, Virginia, where he teaches three courses, depending on need, for the ECU Department.

## CAREER DEVELOPMENT SEMINAR

On Monday, December 11, cadets from the First and Second classes came to the CLE for the annual Career Development Seminar. This event focuses on that important moment when a cadet writes and submits his resume, then undergoes a telephone or in-person interview with a representative of the company he would like to work for, as a summer intern or job—post-graduation. To make the seminar more realistic, two men with lots of experience lectured and conducted mock interviews with three selected cadets. One of the speakers was Charles (Casey) Brower: Retired Brigadier General; former professor of history and international relations at VMI; PhD in Diplomatic and Strategic History, University of Pennsylvania; Veteran of Vietnam; assistant to the Supreme Allied Commander in Europe; Army aide to the President of the United States (Ronald Reagan); former VMI Dean of Faculty (2001–2008); and author of two

popular books. The other was Robert Glidden, former president of the Ohio University (16 years), Provost of Florida State University, and Dean of Bowling Green State University.

The importance of attaining the skills to have a successful interview cannot be overstated. The top priority in attending VMI, or any university, is to get a good education and learn to think. In addition, it is valuable to acquire the skills necessary to accomplish tasks, achieve goals, learn the art of discipline, the ability to handle pressure, and acquire the vision to focus on a defined goal—in short, to succeed in the world beyond our campus.

In this seminar (from 1100 to 1300), we listened to the observations of these two experienced executives. They shared with the cadets from their own experiences in searching for and evaluating candidates for positions in their respective companies. Several “mock” interviews, the dos and don'ts, as well as the fine points of the cover letter, and the follow-up thank you note were addressed.



*Bob Glidden (left) and Charles Brower (right) doing a mock interview.*

# COLLABORATION AND CREATIVITY

COLONELS ATIN BASUCHOUDHARY, TINNI SEN, AND THEIR COLLEAGUE JAMES BANG WROTE A VERY ORIGINAL BOOK ON PREDICTING ECONOMIC GROWTH.

This is the second book in little more than one year from this prolific, creative duo (*Predicting Conflict* in July of 2016). Their current book, *Machine Learning Techniques in Economics*, is one of the first of its kind in the economics field. The book explains how machine learning methods can predict economic growth and recessions in differing types of economies around the world. While machine learning itself is not a new idea, advances in computing technology combined with the dawning realization of its applicability to economic questions makes it a new and potentially valuable tool for improving the predictive accuracy of economic models and eliminating models and theories that do not predict reality. As such, they claim this is a “win for economic science over fiction.”

I interviewed Atin and Tinni in an effort to understand it more fully and learned that this method of working with a computer has not been tried before—at least in this context. They took the period 1971 to 2014 (43 years) and asked themselves (and the computer) to look at country level economic, social, and political data of



the entire world. Machine learning then identifies the most predictive (lowest error) models of economic growth after millions of iterations and then ranks the most important predictors of growth. Thus they suggest eliminating less predictive variables in determining the causes of growth. Going into the

writing process for the book, they only had expectations about finding the best predictors of economic growth and recessions. But they found some neat “side effect” results as well. First of all, not all countries grow for the same reasons—different countries grow at different rates for the same sort of growth policy. Thus a dollars’ worth of investment in health care may have a bigger effect on growth in some countries relative to others. So a one size fits all growth policy would be wrong. Second, they find that the things economists usually think of as influencing growth actually don’t do a very good job— though they are better at predicting recessions than economic growth.

It impresses me that while this book is small (90 pages) it is large in being so original and likely the first to explore and direct future explorations into the kind of research that will follow.

# THE CAREER FAIR—FEBRUARY 26, 2018

February 26 was the fourth bi-annual career fair—founded, hosted, and managed by the VMI Career Services Department. Major Dorothy Hayden (Assistant Director of Career Services) felt that this year was bigger and better than ever. Forty-seven companies took part, presenting their companies and offering opportunities for cadets in the junior year as summer interns, or as full-time employees after graduation.

The types of corporations and institutions varied widely from Engineering firms like Adams Construction to the Prince William County Police Department. I attended so that I could get to know men from Wells Fargo and the Federal Reserve Bank of Richmond, which seemed the best fit for ECU cadets and more interesting place to start a career.



# MONEY AND BANKING CLASS VISITS FRBR

Tuesday, March 20, started for 36 cadets and 3 faculty when two white vans left the forecourt of Washington Arch, bound for a day at the Federal Reserve Bank of Richmond. Spirits were high despite the threat of bad weather by evening. We arrived at about 9:30, going through the elaborate access process of such an important bank (bollards that had to be retracted by a guard, into a reception building where we went through the standard security gate).

After that, it was welcoming and pleasant. Our meetings and briefings all took place on the 23<sup>rd</sup> floor of the building, which overlooks the James River. We were welcomed by Ms. Colleen Cress and presented her with a bouquet of spring flowers in VMI colors—then Michelle Gluck (Executive VP and General Counsel and Chief Risk Officer) welcomed us again with a briefing on the day's activities to come.

One of the most extensive was from Human Resources when Anna Perryman and Michele Cosely talked enthusiastically about the opportunities that exist at the Fed for cadets seeking internships or jobs following graduation. We learned of the kind of candidate they were seeking, the potential for learning, and assignment in any of the 12 Federal Reserve Banks across the United States. We learned about how it all started in 1863 with

the National Banking Act—creating a uniform currency and banking and financial system for the country. We learned that the purpose of the 1913 Federal Reserve Act was to provide for the establishment of the 12 Federal Reserve Banks across the US (Boston, NY, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, Kansas City, and San Francisco). We learned the purpose of the Federal Reserve Act was to furnish an elastic currency and to provide financial stability.

Following those lectures, we took the elevator to C level—where the money is kept, processed, sometimes destroyed, or examined for counterfeit. Anne Cook and Fred Shuford told and showed us how it works—and we stood against, or leaned on large, clear plastic crates (tightly locked) that in some cases contained as much as 10 million dollars.

One more lecture followed, this one on the role of the Regional Reserve Bank, then lunch in a large dining room looking west over the James River. At lunch, Professor Bruce Summers presented a framed and inscribed photo of VMI to the soon to retire First Vice President Mark Mullinix. The afternoon was somewhat shortened so that we could return to Lexington before the storm hit but was complete and informative. We had a lecture on Information Security in



Banking from Christine Holzem, on Reserve Accounting and Economics from Diane Knapp, Ray Owens (Senior Economist and Policy Advisor), Steve Collins, and Eric Lubama.

Throughout the visit, we had the pleasure of being joined by the two VMI alumni that work there: Andy McAllister and J. M. Nemish. They expressed strong interest in having more Cadets working at the Federal Reserve, and the Career Services department and ECBU will be pursuing those opportunities.

We did make it back before a storm hit in the night—depositing over 5 inches of the white stuff to our roads.

